

The Medicare Map . . .

Helping you and your clients navigate the Medicare Maze

Health Savings Accounts (HSAs) and Medicare Avoiding Missteps and Penalties

If you have clients with HSAs that will soon be eligible for Medicare, it is important they have a clear understanding of their options and ramifications if they don't get it right.

A HSA combines a high-deductible health plan (HDHP) with a tax-free health savings account to which an employee and employer can contribute. ***IRS rules state you <u>cannot</u> be enrolled in Medicare (Part A or B) and continue contributions to a HSA**. Does that mean no more contributions at age 65? Not necessarily.

This is where each individual's situation must be reviewed and taken into consideration. HealthCare Benefit Services can answer questions, guide clients through their options, and help avoid the 6% excise tax penalty. Here's a sample of what we help those with HSAs navigate:

- Do I have to enroll in Medicare at age 65 if I have insurance through my employer (or my spouse's employer)?
- Should I delay enrollment in Medicare so I can continue contributing to a HSA?
- I receive Social Security and will be automatically enrolled in Medicare
- How to avoid HSA tax penalties <u>before</u> you apply for Social Security and/or Medicare
 - Consequences of Medicare backdating Part A up to 6 months

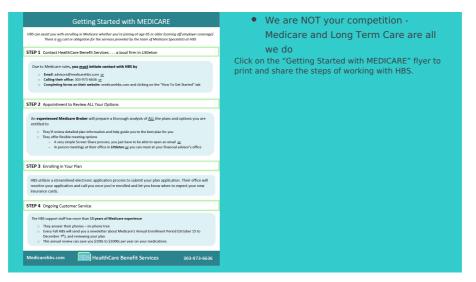
This short article is a good resource to share: <u>https://www.medicareinteractive.org/get-answers/coordinating-medicare-with-other-types-of-insurance/job-based-insurance-and-medicare/health-savings-accounts-hsas-and-medicare</u>

*A bill pending in the House would allow contributions to HSAs if enrolled in Medicare. Unfortunately, you no longer would be able to pay Medicare premiums from a HSA without penalty.

NOTE: HSAs are not "use it-or lose it" accounts. Although individuals enrolled in Medicare are no longer eligible to make HSA contributions, they can continue to take tax and penalty-free distributions for *qualified* medical expenses. And certain Medicare premiums can be paid, while others (ie. Medicare Supplement premiums) are <u>not</u> qualified.

Referring Clients To HBS... How We Support Advisors and Help Their Clients

- We represent all plans (Medicare Supplement, Drug Plans, and Medicare Advantage), and all major companies
- Our process is thorough, no obligation and no pressure
- We're available to conduct Medicare seminars for your clients



To learn more about our process, visit <u>our website</u> or call our office 303-973-6636.

Feel free to forward The Medicare Map monthly newsletter to other advisors you think would benefit from the services of Tammey and her team.



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